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**OGC HAS REVIEWED.**

2 September 1949

MEMORANDUM TO: ADSO  
ADPC  
CFB ✓

FROM: Office of General Counsel

SUBJECT: Proposed Regulation Re Representation Allowances

1. Enclosed herewith is a proposed new Section XIII of the Confidential Funds Regulations concerning Representation Allowances. The present Section 6.3 of the Regulations would be rescinded in toto if the new section is adopted. The proposed regulation, as presented, is the result of efforts of the offices concerned.

2. The proposed regulation was written in its present form by CFB. We concur with the wording of the proposed regulation in its entirety, from a legal standpoint, with one exception. We suggest that the following sentence be inserted as an additional sentence at the end of the first paragraph in 13.4. "In the event of errors of judgment or misunderstandings, the accountings will not normally be a basis for collection back for money already expended, but will be used to correct mistakes and as a basis for instructions to the field".

3. If you concur in the proposed regulation will you kindly so indicate, including your views on our suggestion above, and return to this office. It would be appreciated if the proposed regulation were returned on or before 12 September 1949.

[Redacted Signature]

Assistant General Counsel

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[Redacted Initials] hw

Orig. ADSO  
cc: ADPC  
CFB  
Subject  
Chrono

Proposed New Section XIII of the Confidential Funds Regulations.  
(Present Section 6.3 should be rescinded in toto if new section  
is adopted)

PART XIII - REPRESENTATION ALLOWANCES

13.0 Concept and Purpose

Representation allowances are provided to reimburse officers and employees for reasonable and officially necessary expenses incurred for the enhancement of United States prestige and interests. Such representation may be overtly in behalf of the U. S. government generally or semi-covertly in behalf of CIA, dependent upon the circumstances. Representation allowances, if warranted, may be granted, not only to defray the costs of entertainment, tips, gratuities, etc., but also to enable employees to maintain better quarters and higher standards of living than their normal salaries and allowances would permit, to pay transportation expenses in excess of minimum first-class accommodations, and such other expenses as may be suitable and necessary for the proper representation of the United States.

Expenses incurred in the exclusive entertainment of U. S. officials may not be reimbursed from representation allowances; however, where the presence of such officials is incidental to the proper entertainment of foreign officials, the entire expenses may be reimbursed from entertainment allowances. Expenses which are primarily personal and from which the employee derives the major benefit may not normally be classified as representation expenses, even though the government may derive some incidental benefit therefrom.

Employees granted representation allowances, and officials supervising and approving the expenditure thereof shall be responsible for the discreet and prudent use of such allowances and for ascertaining that reimbursements are made only for proper purposes and in reasonable amounts.

SECRET

Approved For Release 2001/11/23 : CIA-RDP81-00755R000100080045-7

-2-

Entertainment expenses directly relating to operational projects or project development are not allowable as representation expenses, but may be allowable as operational expenses as provided in other parts of this regulation.

### 13.1 Delegation of Authority

The Assistant Directors for the covert offices are authorized to determine the necessity for and to grant representation allowances for the enhancement of United States prestige and interests. Allowances for general representation may be authorized to individuals for their sole use or to Chiefs of Stations to be allotted by them as circumstances at each station require. Allowances supplementing travel, per diem, transportation expenses, quarters and living allowances, or other elements of personal subsistence, must be authorized at specific rates to specific individuals. Wherever possible, authorization should be made prior to the commencement of travel or the incurrence of expense.

### 13.2 Allowances While in a Travel Status

Where officers or employees are traveling on special missions, the nature of which requires them to represent the United States in such a manner that expenses beyond those which are ordinarily considered personal are incurred, they may be granted representation allowances to meet such necessary reasonable extra expenses. Such allowances may include:

- (a) Transportation expenses exceeding the cost of minimum first-class accommodations.
- (b) General entertainment expenses (other than exclusive entertainment of U. S. officials), which is generally beneficial to the success of the mission, and courtesy gestures required by local custom or directly related to the furtherance of the mission.

Approved For Release 2001/11/23 : CIA-RDP81-00755R000100080045-7

SECRET

Approved For Release 2001/11/23 : CIA-RDP81-00755R000100080045-7

-3-

- (c) Supplementary per diem for actual excessive subsistence expenses incurred because of representational reasons, not to exceed an additional \$10.00 per day.
- (d) Other specific items of expenses of a representational nature which are directly related to the furtherance of the mission.

To obtain reimbursement for representation expenses, the employee must: (1) Certify that the extra fare transportation accommodations were actually used, (2) Certify to the average rate of the daily subsistence expenses up to the maximum combined amount of normal and supplementary per diem, and (3) Submit itemized details and a statement or explanation of official necessity for all other representation expenses for which reimbursement is claimed.

**13.3 Allowances to Employees at Foreign Stations**

Where officers or employees permanently assigned to foreign stations are required in the course of their official duties to maintain standards of living higher than those normal to their grades and positions, in order to properly represent the United States, representation allowances may be authorized. Such authorizations will not extend beyond the fiscal year in which they are made, subject to renewal in successive years on specific approval by the Assistant Director concerned. Such allowances may include:

- (a) A supplementary quarters allowance, in a fixed amount, conforming to the Standardized Government Civilian Allowance Regulations, but in no event to exceed \$700.00 per year.
- (b) General entertainment expenses (other than the exclusive entertainment of U. S. officials) which is not directly

SECRET

Approved For Release 2001/11/23 : CIA-RDP81-00755R000100080045-7

-4-

related to an operation or project, but which is required by local custom or necessary to enhance the prestige or interests of the United States.

- (c) Other specific items of expense incurred because of necessary representational duties. This might include, but is not limited to, the reimbursement of the expenses of an extra servant or chauffeur, or the purchase of suitable gifts for foreign officials, etc.

To obtain reimbursement for representation expenses, the employee must: (1) Account for supplementary quarters allowances in the same manner as is required for regular quarters allowances under Standardized Government Civilian Allowance Regulations. (2) Submit itemized details and a statement or explanation of official necessity for all other representation expenses for which reimbursement is claimed.

#### 13.4 Controls to be Maintained

All individuals granted representation allowances are required to expend such allowances to the maximum advantage in furthering the general interests of the United States or specific interests of CIA. Each individual and each Chief of Station will exercise his discretion under the general principles set forth in this regulation. The accounts submitted will, of course, be the measure of the station chief's discretion as they will indicate whether those who expend the money are properly required by their duties to make such expenditures and whether they spent it for proper purposes and in reasonable amounts.

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~~-5-~~

The Confidential Funds Branch will maintain appropriate records of the amounts expended for representation purposes by each foreign station and major operational activity, and render a report to the Director at the end of each fiscal year, or oftener as required, showing the expenditures that have been made for representational purposes.

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